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RUEHBJ/AMEMBASSY BEIJING 2465
RUEHKO/AMEMBASSY TOKYO 7065
RUEHCN/AMCONSUL CHENGDU 1922
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RUCNDT/USMISSION USUN NEW YORK 2808
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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000030

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TAGS: BM ECON ENRG PGOV PHUM PREL SENV

SUBJECT: BURMA: GRASSROOTS OPPOSITION TO CHINESE-BACKED
DAM IN NORTHERN BURMA

REF: A. REFTEL A: 08 RANGOON 815
1B. REFTEL B: 09 RANGOON 447

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Classified By: P/E Officer Adam Murray for Reasons 1.4 (b) & (d)

Summary

11. (C) On December 21, workers broke ground on the controversial new Myitsone Dam project in Kachin State in northern Burma. The Myitsone Dam is one of seven new hydroelectric projects on the upper Irrawaddy River and will be the first dam on the mainstream Irrawaddy. The project is a joint collaboration between Burma's Asia World Company and the Chinese Power Investment Corporation. Planned construction of the dam in an area of ecological diversity, ethnic tensions, and seismic activity, as well as the expected relocation of an estimated 15,000 people, has sparked a groundswell of grassroots opposition. End summary.

Serving Burma's People?

12. (U) The GOB has embarked on a number of hydropower projects in recent months to address the acute electricity shortages that plague the country. On December 21, Asia World, a Burmese company, and the Chinese Power Investment Corporation (CPIC) broke ground on the Myitsone Dam project. (Note: Asia World and its owner, regime crony Steven Law, are on the Specially Designated Nationals list maintained by the Department of Treasury. End note.) The dam is expected to generate 3,600-4,100 MW of electricity worth an estimated USD 500 million annually. It will be the largest hydropower project in Burma. CPIC is also collaborating on six other hydropower projects on the upper Irrawaddy.

13. (U) The Kachin Development Network Group (KDNG), an NGO based in Burma and Thailand, has estimated that the Myitsone Dam reservoir will cover 766 square kilometers and displace some 15,000 people. The group expects several roads, bridges, and important cultural sites in the area to be inundated.

Or the Chinese?

¶ 14. (C) The GOB has actively encouraged foreign investment in hydropower projects, with the majority of contracts going to Chinese companies (Ref A). Although the state-run New Light of Myanmar reports the electricity will be used to meet domestic demand, few here believe it. As reported in Ref A, foreign joint venture agreements vary widely, but most stipulate that approximately 75 percent of any electricity generated will be sold or offered as compensation to foreign investors. In our recent meeting with the Biodiversity and Nature Conservation Association (BANCA), Chairman U Uga voiced a commonly shared view that China will be the recipient of much of the power generated by the new hydropower projects. He said the Chinese are responding to concerns about climate change by targeting development of significant hydropower from Southeast Asia.

¶ 15. (C) Chinese construction projects abroad routinely utilize many Chinese laborers. Reportedly, the Myitsone Dam project will be no exception. The Rural Reconstruction Movement Organization (RRMO), an NGO in Kachin State, reports that barracks for 20,000 Chinese workers are currently being built near the dam site.

An Emerging Grassroots Opposition

¶ 16. (C) Local groups have voiced strong opposition to the project on economic, environmental, and cultural grounds and have organized grassroots campaigns to rally others to their cause. In October 2009, RRMO and the Kachin Public Youth Organization conducted two anti-dam prayer meetings. They then enlisted the support of 50 local pastors to collect the

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signatures of over 4,100 local residents who oppose the project. The petition was forwarded to the Chinese government, but was not submitted to the GOB. After the December groundbreaking ceremony, exile press reports emerged that villagers were forced to attend the ceremony despite their opposition. Student groups reportedly tried to disrupt the ceremony by distributing anti-dam leaflets and posters. Additional anti-dam prayer and advocacy campaigns are in the works.

¶ 17. (C) A number of armed ethnic groups remain active in Kachin State, including the Kachin Independence Organization (KIO). The KIO has signed a ceasefire agreement with the GOB but has thus far rebuffed GOB efforts to restructure into a "Border Guard Force" ahead of the 2010 elections (Ref B). To date, the KIO has not taken a public position on the dam issue.

Environmental Impact Unknown

¶ 18. (C) The effects of the Myitsone project on the regional environment are difficult to ascertain. Neither the GOB nor the contractors have released an environmental impact assessment, and our contacts are skeptical that a true assessment will ever be conducted. (Note: Burma has neither a consolidated environmental law nor legal requirements for environmental or social impact assessments.) In addition to the expected inundation-related damage, KDNG speculates that reduced sediment flows and altered flooding patterns will have an impact downstream, in the rice-producing Irrawaddy Delta. The Irrawaddy is also home to the endangered Irrawaddy Dolphin, and the GOB has designated a 43-mile length of river north of Mandalay as a protected habitat. Absent an environmental impact assessment, the project's impact downstream is unclear.

Geographical Background

¶9. (U) The Myitsone Dam is being constructed just below the confluence of the two headwaters of the Irrawaddy, approximately 40 kilometers upstream from the capital of Kachin State, Myitkyina. Much of Burma, especially the mountainous northern region, is rich in biodiversity and is often described as an environmental "hotspot." The area has a history of seismic instability, with the dam site sitting just 100 kilometers from the Sagaing Fault Line. In August 2008, a 5.3 magnitude earthquake struck the Burma-China border, 65 kilometers to the southeast of Myitkyina.

Comment

¶10. (C) The Myitsone Dam project joins a familiar pattern of Chinese investment in Burma. Given past evidence from foreign investments in Burma's energy sector, it is very likely, as many locals believe, that both construction of the dam and the energy it produces will primarily benefit Chinese companies and consumers, rather than Burmese. An unusual aspect of this case is the role grassroots organizations have played in opposing the dam, which speaks to the growing strength of civil society groups in Kachin State, including recipients of Embassy small grants. Thus far, we have not heard of any GOB reaction to the opposition groups. That is also unusual. In general, the GOB is distrustful of ethnic minority organizations and of any efforts at dissent. We will stay watchful for any GOB negative reaction. Dam-related social unrest is a possibility in light of the already-tense political situation in Kachin State and the dislocations the project is expected to cause.

DINGER